

provide quality professionals for both meeting the domestic and global demands by strengthening and upgrading the technical education system in the country with special focus on increasing the intake in "Quality" Institutions and upgrading some of them to improve the quality of their programmes. These recommendations specifically relate to IT faculty development, IT curriculum and courseware development, strengthening of computing and networking facilities, digitization and modernization of libraries, use of IT for administrative support services and promoting interface with industry. Strategy focuses on overall institutional development with networking. Measures identified for development of IT faculty include scaling up of Early Faculty Induction Programme (EFIP), Quality Improvement Programme (QIP) and introduction of Sequential Post Graduate Programmes, allowing transmigration and switchover of faculty from interfacing disciplines. These recommendations are aimed at increasing the availability of quality IT manpower in the country and to help Indian Software services sector to increase its productivity and move up the value chain, enabling the country to capture larger share of global markets of IT software and services.

Problems of IT Industry

4473. PROF. M. SANKARALINGAM: Will the Minister of INFORMATION TECHNOLOGY be pleased to state:

- (a) the efforts taken by Government to keep pace with the demands of the industry;
- (b) whether Government have appointed any Committee to examine the problems of the industry in depth;
- (c) if so, the details thereof; and
- (d) if not, the reasons therefor?

THE MINISTER OF INFORMATION TECHNOLOGY (SHRI PRAMOD MAHAJAN): (a) The steps taken by Government to promote IT industry are given in the enclosed Statement. (See below)

(b) to (d) The Government had set up a National Task Force on IT and Software Development which has submitted its report to the Government and several of the recommendations contained therein have been accepted by the Government.

Statement

Incentives for information Technology Sector

1. Export Promotion Capital Goods scheme (EPCG) has been rationalised and extended uniformly to all sectors without any threshold limit on payment of 5% duty.
2. Approvals for all foreign direct investment proposals relating to the Information Technology sector, with the exception of Business-to-consumer (B2C) e-commerce are under the automatic route.
3. Powers of approval of the Designated Officers of MIT for implementation of STP and EHTP schemes have been further enhanced upto US\$ 20 million.
4. Accelerated depreciation norms for computers and computer peripherals for units under Export Oriented schemes (EOU/EPZ/STP/EHTP) have been enhanced. These shall stand depreciated to overall limit of 90% over a period of 3 years instead of around 5 years earlier.
5. DTA access upto 50% of the FOB value of export is permitted for export oriented units under EOU/EPZ/STP schemes. Broadbanding is permitted in the DTA sales of Hardware units for items covered in the Letter of Permission.
6. EOU/EPZ/EHTP/STP units are exempted from payment of Income Tax on export profits, upto 2010, in terms of Section 10A and 10B of the Income Tax Act.
7. Special Economic Zones are being set up to enable hassle free manufacturing and trading for export purposes.
8. Value addition norms for Rupee exports to Russia reduced from 100% to 33% under Advance Licensing Scheme.
9. The Depreciation on Computers has been allowed @ 60%.

10. In the 2000-01 Budget, Customs duty on Computers and Peripherals has been reduced from 20% to 15%. The Customs duty on all storage devices, integrated circuits, microprocessors, Data display tubes and Deflection components of colour monitors has been reduced to NIL rate.
11. Definition of Computer Software, as in Section 80 HHE of the Income Tax Act has been widened to include transmission of data.
12. Benefit of Section 80HHE is available to supporting software developers.
13. Exemption of withholding tax on interest on External Commercial Borrowings (ECBs) has been extended to the IT sector.
14. A National Venture Fund for Software and IT Industry (NFSIT) has been set up with a corpus of Rs. 100 crores, out of which MIT shall contribute Rs. 30 crores.
15. Income by way of dividends or long-term capital gains of a Venture Capital Fund or Venture Capital Company from investment made by way of equity shares in a Venture Capital Undertaking, which has been expanded to include the Software and IT sectors, will henceforth not be included in computing the total income.
16. To give thrust to Venture Capital finance, SEBI has been made the single point nodal agency for registration and regulation of both domestic and overseas venture capital funds.
17. There will be no tax on distributed or undistributed income of Venture Capital Funds. The income distributed by the VCFs will only be taxed in the hands of the investors at the rates applicable to the nature of the income.
18. Under policy on portfolio investment, Foreign Institutional Investors (FIIs) are permitted to invest in a company upto an aggregate of 24% of equity shares, extendable upto 30%

subject to approvals. This limit has been raised from 30% to 40% in the Budget 2000-01.

19. Under the Employee Stock Option Scheme, income tax payable on income from GDRs purchased in foreign currency by a resident employee of IT software and service companies, shall be at a concessional rate of 10%.
20. To induce more investment for R&D activities, a weighted deduction of 125% on the sums paid to any university, college or an institution or a Scientific research association for the purposes of scientific, social or statistical research has been provided.
21. Information Technology Act, 2000 has been enacted. This act deals with Cyber Security, Cyber Crime and other information security related legal aspects. This will encourage expansion of e-commerce through internet.
22. STPI has set up a business support centre in the USA, which is operational since November, 1999, to promote business for STP units and provide marketing support to SMEs.

Anti-India propaganda on Cyber space sites

[†]4474. SHRI P. K. MAHESHWARI: Will the Minister of INFORMATION TECHNOLOGY be pleased to state:

- (a) whether it is a fact that Pakistan and other anti-India people have filled absurd talks in more than five hundred cyber space sites to use them as a propaganda against India;
- (b) if so, whether National Cyber Crime Committee has drawn Government's attention thereto;

[†]Original notice of the question was received in Hindi.